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The appearance of a book like this is an encouraging sign of the times. It is a prophecy of the day when economic history will have its own circle of serious students and expert critics. And it is, we may trust, but the forerunner of a more considerable treatise from its author, which, by its store of references, shall give more opportunity to the reviewer.

W. J. ASHLEY.

The Economy of High Wages. An Inquiry into the Cause of High Wages and their Effect on Methods and Cost of Production. By J. SCHOENHOF. New York, G. P. Putnam's Sons, 1892.—12mo, 407 pp.

Economic and Industrial Delusions. A Discussion of the Case for Protection. By ARTHUR B. and HENRY FARQUHAR. New York, G. P. Putnam's Sons, 1891.—12mo, 413 pp.

In the first of these works the author begins by showing, through tables and comparisons, that during the last twenty-five years, in England, France, Germany and the United States, increased earnings of the laborers and decreased cost of production have gone hand in hand. Thus by induction Mr. Schoenhof claims to expose the fallacy of "the iron law of wages." In its place he presents what he calls "the true law of wages," which we may express as follows: High wages mean high productiveness, low cost of production and low prices. Only under a system of complete freedom, Mr. Schoenhof adds, can this true law of wages come into perfect operation. Under such conditions, however, in the interests of capitalist and laborer alike a perfect factory system would surely develop itself and all would work in harmony. Laborers and capitalists would not then be fighting each other for the largest share of an imaginary wage-fund, as Ricardo maintained, but each would be deriving a just remuneration from his legitimate share in the product itself.

Here in the United States, this true law of wages has been working itself out, Mr. Schoenhof declares, in our highly developed factory system, under the freedom secured by our laws of possession, not because of, but rather in spite of, the restrictions of our tariff laws. He is able to show us by convincing tables of comparison that, despite our high wage rate, the cost of production in all important industries in this country is equal to, if not actually lower than, that of Europe. America has at last, according to our author, worked out her industrial independence. We may reform our tariff now on the

following basis: Abolish the duty on raw materials; keep on high-skill manufactures enough tariff to raise a revenue; establish technical and art schools to allow our laborers to learn better to compete with their more artistic foreign rivals; and give free scope to each one to work out his own individual end. Under such a policy, Mr. Schoenhof rather optimistically concludes, the present industrial and labor problems will solve themselves.

In the second work under review Mr. Arthur Farquhar deserves high praise for the logical reasoning employed, both deductive and inductive, all through the discussions. But one should bear in mind that though, as Mr. Farquhar maintains, customs duties are powerless in affecting the aggregate balance of exports and imports, still they may be employed in guiding the course and direction of our foreign trade. If, for instance, we as a nation deem our best interests to lie in first bringing the commerce of the American continent under our control, surely we are justified in accomplishing this end, if we will, by means of duties, rebates and reciprocity agreements. This we may do even if some branches of our European trade suffer thereby, provided the end to be secured will warrant this temporary sacrifice.

In his entire treatment of the subject of foreign commerce, Mr. Farquhar seems to me to confuse the laws of national and international economy. The conception that each modern industrial state forms as it were a politico-economic organism—the national standpoint, in short—is in this otherwise able argument utterly disregarded. If no system of protection is necessary between the Atlantic slope and the Rocky Mountain region, differing as they do, why then, Mr. Farquhar asks, do we require protective barriers between Liverpool and New York? The reason is apparent enough. One sovereign state with its own commercial law governs all trade between our East and West, while international custom and agreement—and eventually perhaps the force of arms—must still remain the arbiter of our foreign commerce. In our present stage of economic development, therefore, we can scarcely dismiss commercial treaties and reciprocity agreements as “mere devices of the protectionists” to gain their selfish ends. Indeed, if we extend our view to include the present course of commercial development among European countries, it would seem rather that our path toward a more general international freedom of trade lay directly along these lines.

LINDLEY MILLER KEASBEY.